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**NINETEEN SIXTY FIVE**  
**annual report**

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## Officers

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- Major Richard Cummings ..... President  
505 Patricia Drive, Oakville, Ontario
- Major Gordon Thomas Hogarth ..... Executive Vice-President  
1357 Heron Road, Ottawa, Ontario
- Major Edwin Seller Latta ..... Secretary-Treasurer  
341 Lees Lane, Oakville, Ontario
- Mr. David Henry Cummings ..... Assistant Secretary-Treasurer  
2075 Seabrook Circle, Oakville, Ontario

## Directors

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- Sqdn. Ldr. Kenneth Sterling Bateman ..... Officer, R.C.A.F.  
156 Gordon Drive, North Bay, Ontario
- Murray Joseph Howe ..... Investment Dealer  
347 Rosslyn Drive, Burlington, Ontario
- Major Richard Cummings ..... Retired Officer, Canadian Army  
505 Patricia Drive, Oakville, Ontario
- Douglas Leeds Hardtman ..... One of Her Majesty's Counsel  
164 University Avenue, Kingston, Ontario
- Major Gordon Thomas Hogarth ..... Officer, Canadian Army  
1357 Heron Road, Ottawa, Ontario
- Major Edwin Seller Latta ..... Retired Officer, Canadian Army  
341 Lees Lane, Oakville, Ontario
- Major Norman Straghan Rylance ..... Officer, Canadian Army  
12 Higwood Drive, Ottawa 5, Ontario



## Report to the Shareholders

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1965 was a difficult year for the financial community in Canada, what with the "Atlantic" debacle and the advent of higher interest rates. Expansion of our loan business was restricted by our ability to sell only \$300,000.00 of the authorized \$500,000.00 6 $\frac{1}{2}$ % Secured Collateral Trust Notes, Series A. Since it was planned to use the funds from this issue to repay our Bank loan, new business had to be restricted to funds available from cash flow.

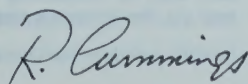
Despite the difficulties mentioned above, our net income before taxes in 1965 increased by 28.1% over that of 1964. Net income before taxes increased from \$30,587.00 or \$0.35 per share to \$39,169.00 or \$0.41 per share based on the average number of shares outstanding during the period. Working capital increased from \$597,505.00 to \$883,630.00 for a gain of 47.9%. This latter result was accomplished by the sale of some of the assets acquired from Northrigg Investments Limited in 1964. The net result of this is that the Company is in an improved position to cope with the existing "tight" money situation.

Excellent progress was again made in expanding Entarea Investment Fund. During the year assets increased from \$1,596,173.00 to \$2,922,847.00, a gain of approximately 83%. The significance of this is that Management and Administrative Fees accruing to the Company from the Fund at the beginning of 1966 are almost double the fees collected at the beginning of 1965.

It is pleasing to report that the profitable pace of 1965 operations is continuing at an accelerated rate through the early months of the current year. The Management team will be strengthened by the addition of Mr. John Andrachuk, C.A., who will join our firm in June this year.

I gratefully acknowledge the dedicated efforts of Management, employees, agents and representatives in their fine achievement for the past year, and the loyal support of our growing family of shareholders.

On behalf of the Board:



President



# ENTAREA INVESTMENT MANAGEMENT LIMITED

(Incorporated under the Laws of the Province of Ontario) AND SUBSIDIARY

## ASSETS

	1965	1964
Cash	\$ 28,085	\$ 6,755
Trust company deposit certificate	5,000	5,000
Maketable securities at cost (quoted market value \$49,688)	47,112	
Instalment loans receivable (after allowance for doubtful loans receivable 1965 — \$20,000; 1964 — \$14,000)	1,179,920	1,122,020
Mortgages receivable	83,801	90,852
Receivable from managed investment fund	50,616	46,195
Accrued interest and accounts receivable	9,740	5,459
Prepaid expenses	9,046	7,662
	<u>1,413,320</u>	<u>1,283,943</u>
<b>Land, Buildings and Equipment at cost</b>		
Land	314,175	227,816
Buildings	\$406,395	
Less accumulated depreciation	<u>11,042</u>	<u>627,213</u>
Automobile and office equipment	52,017	
Less accumulated depreciation	<u>12,212</u>	<u>42,175</u>
	<u>749,333</u>	<u>897,204</u>
<b>Deferred Charges</b>		
Discount and financing expenses less amount amortized	<u>41,431</u>	<u>29,564</u>
	<u>\$2,204,084</u>	<u>\$2,210,711</u>

## Auditors' Report To

We have examined the consolidated balance sheet of Entarea Investment Management Limited and its subsidiary company as at December 31, 1965 and the consolidated statements of income, retained earnings and contributed surplus for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and consolidated state-

# Consolidated Balance Sheet

DECEMBER 31, 1965

**UNITED  
DIARY COMPANY**

## LIABILITIES

	1965	1964
Bank overdraft		\$ 11,114
Bank loan — secured (note 2)	\$ 175,000	305,000
Accounts payable and accrued liabilities	33,785	20,710
Unsecured short term notes	284,939	315,114
Mortgage principal payments due within one year	28,929	34,500
Income taxes payable	7,037	
	<u>529,690</u>	<u>686,438</u>
<b>Long Term Debt (note 3)</b>		
Mortgages payable less amount included above	343,876	540,975
6½% Sinking Fund Secured Collateral Trust Notes, Series A to mature May 15, 1980	287,000	
6½% Sinking Fund Debentures, Series A to mature September 15, 1978	257,000	280,000
	<u>887,876</u>	<u>820,975</u>
Interest of Minority Shareholders in Subsidiary Company	<u>38,194</u>	
<b>Shareholders' Equity</b>		
Capital stock (note 4)		
Authorized — 200,000 common shares of \$5 each		
Issued — 94,492 shares	472,460	461,085
Contributed surplus — premium on shares issued	203,044	201,215
Retained earnings	72,820	40,998
	<u>748,324</u>	<u>703,298</u>
	<u>\$2,204,084</u>	<u>\$2,210,711</u>

Approved on behalf of the Board:

*R. Cummings*

Director

*E. L. Latta*

Director

## The Shareholders

ments of income, retained earnings and contributed surplus present fairly the financial position of the companies as at December 31, 1965 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada

April 5, 1966

**GUNN, ROBERTS and CO.**

Chartered Accountants



# ENTAREA INVESTMENT MANAGEMENT LIMITED

CONSOLIDATED

## Statement of Income

For the year ended December 31, 1965

Income	1965	1964
Interest and service charges earned	\$140,347	\$123,691
Management and membership fees earned and expenses recovered from managed investment fund	77,421	42,215
Rental income	110,153	10,062
Profit on sale of properties and securities	14,394	8,292
Other income	6,219	2,337
	<u>348,534</u>	<u>186,597</u>
<b>Expenses</b>		
Interest on long term debt	64,381	21,959
Interest on short term notes	19,514	21,251
Other interest	14,825	5,305
Amortization of discount and financing expenses	7,466	5,919
Expenses on rented properties including depreciation	56,486	9,270
Loan insurance	5,664	7,803
Office salaries and commissions	74,290	36,142
Professional services	8,310	8,730
Printing, stationery and office supplies	9,812	7,242
Selling expenses	15,204	3,055
General office expenses	20,417	12,298
Provision for doubtful loans receivable	6,071	11,219
Depreciation of automobile and office equipment	6,925	5,817
	<u>309,365</u>	<u>156,010</u>
Income before income taxes	39,169	30,587
Income taxes (note 5)	7,347	
<b>Net income for the year</b>	<u>\$ 31,822</u>	<u>\$ 30,587</u>

Note:

The 1964 comparative figures reflect the revised basis of presentation adopted for 1965.

CONSOLIDATED STATEMENT OF

## Retained Earnings

For the year ended December 31, 1965

	1965	1964
Balance at beginning of year	\$40,998	\$10,411
Add net income for year	31,822	30,587
Balance at end of year	<u>\$72,820</u>	<u>\$40,998</u>

CONSOLIDATED STATEMENT OF

## Contributed Surplus

For the year ended December 31, 1965

	1965	1964
Balance at beginning of year	\$201,215	\$ 65,200
Add		
Premium on shares issued for cash		95,650
Premium on shares issued in exchange for all the outstanding shares of Northrigg Investments Limited		40,365
Premium on shares issued on exercise of warrants	6,825	
	<u>6,825</u>	<u>136,015</u>
	208,040	201,215
Deduct		
Adjustment re acquisition of Northrigg Investments Limited	4,996	
Balance at end of year	<u>\$203,044</u>	<u>\$201,215</u>



# Notes to Consolidated Financial Statements

December 31, 1965

**1. Basis of Consolidation** The 1965 consolidated financial statements include the accounts of Hazelwood Developments Limited, a subsidiary company in which 74% of the issued shares are held.

**2. Bank Loan** The bank loan is secured by a first floating charge on the assets of the company and the assignment of instalment notes.

**3. Long Term Debt**  
**Mortgages** The mortgages payable bear interest at rates ranging from  $5\frac{1}{4}\%$  to  $7\frac{1}{4}\%$ , and are repayable generally in monthly amortized amounts of principal and interest over a period from one to seventeen years.

## Sinking Fund Secured Collateral Trust Notes

Sinking fund requirements are:

1966	Nil
1967	\$ 8,000
1968 to 1980	21,000 annually

## Sinking Fund Debentures

Sinking fund requirements are:

1966	Nil
1967	\$20,000
1968 to 1977	21,000 annually

**4. Capital Stock** Warrants to purchase 2,275 common shares at \$8 per share were exercised during the year.

The Company has reserved 25,608 common shares as follows:

- (a) 9,830 shares optioned at \$6.00 per share exercisable on or before June 30, 1970.
- (b) 15,778 shares for exercise of outstanding share purchase warrants at \$8.00 per share on or before June 30, 1970.

**5. Income Taxes** No income taxes were payable for 1964 as the company claimed the balance of the 1963 taxation loss, capital cost allowances in excess of depreciation recorded in the accounts, and also expenses charged to contributed surplus incurred on the issue of shares. Income taxes for 1964 would otherwise have amounted to \$5,030.

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## Company Head Office

165 - 169 Lakeshore Road East / Oakville, Ontario

## Branch Office

1854 Portage Avenue / Winnipeg 12, Manitoba

## Auditors

GUNN, ROBERTS and CO. / 48 Yonge Street / Toronto, Ontario

## Legal Counsel

MESSRS. FROST & HEATH, BARRISTERS & SOLICITORS / 44 King St. West / Toronto, Ontario

## Stock Transfer Agents

EASTERN AND CHARTERED TRUST COMPANY / 1901 Yonge Street / Toronto 7, Ontario

## Bond Trustees

ROYAL TRUST COMPANY / 119 Adelaide Street West / Toronto 1, Ontario  
for  $6\frac{1}{2}\%$  Sinking Fund Debentures, Series "A" to mature September 15th, 1978

EASTERN AND CHARTERED TRUST COMPANY / 1901 Yonge Street / Toronto 7, Ontario  
for  $6\frac{1}{2}\%$  Sinking Fund Secured Collateral Trust Notes, Series "A" to mature May 15, 1980







